shipping was then handled) of well over 50 per cent. of the tonnage required for imports of what the President of the Board of Trade reckoned to be our irreducible needs. No wonder he thought we could not continue the War much longer. And in spite of these persistent and heavy losses, in spite of their steady and alarming increase, in spite of the fact that the Admiralty knew they might at any time become very much heavier if the Germans resorted to the unlimited warfare which they had threatened as far back as February, 1915, no counter-measures had been prepared which even began to exercise any restraining effect.

Admiral Jellicoe wrote to the Admiralty towards the end of October, 1916—that is, three months before the date of the German warning of unrestricted sinkings, that there appeared to be

> " a serious danger that our losses in merchant ships, combined with the losses in neutral merchant ships, may, by the early summer of 1917, have such a serious effect upon the import of food and other necessaries into the Allied countries as to force us into accepting peace terms which the military position on the Continent would not justify, and which would fall short of our desires.[3*]

And Admiral Beatty declared that the danger was

> " jeopardising the fate of the

Admiral Jellicoe's Memorandum

nation and seriously interfering with the successful prosecution of the War/[5]

The reports from the First Sea Lord and the President of the Board of Trade at each of our